

October 29, 1999



NATIONAL CREDIT UNION ADMINISTRATION
YEAR 2000 QUARTERLY CONGRESSIONAL UPDATE
as of September 30, 1999

September 30, 1999 Update

- 99.97% of All Federally Insured Credit Unions are Fully Implemented

Out of 10,715 credit unions,¹ all but three had completed implementation of Year 2000 ready systems, by September 30, 1999. One of the credit unions completed implementation one week later; one is expected to be resolved - through administrative action - by the end of October; and one is expected to be resolved by the middle of November.

- 99.98% of All Federally Insured Credit Unions are Rated Satisfactory

All but two credit unions were rated Satisfactory, as of September 30, 1999. Although one credit union was rated Unsatisfactory, it was recently placed into conservatorship because of management related problems.

The other credit union completed implementation efforts at the end of September and is currently rated "Needs Improvement." We fully anticipate this credit union to achieve a rating of Satisfactory prior to the Year 2000.

- Business Resumption Contingency Planning and Liquidity Funding
Contingency Planning Efforts Look Good

Over 99.99% of all federally insured credit unions have Business Resumption Contingency Plans (BRCP), and a Liquidity Funding Contingency Plan (LFCP); nearly all of them are considered to be acceptable. For the credit union which has not yet adopted a LFCP, close NCUA involvement exists. While performing our August review of BRCPs/LFCPs, NCUA examiners identified a few credit unions which were in need of BRCP/LFCP counseling and have begun that process. NCUA is in the process of performing a September 30, 1999, assessment of BRCPs/LFCPs, and will take corrective action where necessary.

¹ This number represents active non-merging and non-liquidating credit unions. As of 9/30/99 there were 10,824 credit unions with active charters; of this number 99 were in a merging status and 16 were in a liquidating status. Merger and liquidation activity is normal and none of the mergers or liquidations were caused by Year 2000 issues; the majority of merging and liquidating credit unions are substantially complete with Year 2000 efforts.

- Y2K Response Team Training

NCUA recently conducted Y2K Response Team training during which field, regional, and headquarters staff reviewed procedures for responding to various possible Y2K incidents leading up to, during, and after the Y2K Event Weekend. NCUA has developed a network of staff which will be either on hand or readily available during the Y2K Event Weekend. Contingency plans were developed to address incidents which might interfere with the operations of the Response Teams.

- Year 2000 Event Weekend Health Check

Like the other FFIEC agencies, NCUA will be conducting Year 2000 Health Checks starting on Saturday, January 1st, and continuing until we have received the status of every credit union. NCUA has developed an automated process to aid staff in collecting, aggregating, and disseminating Health Check information.

- Remaining Activities

During the remaining two months, NCUA staff will:

- ⇒ Fine-tune our Y2K Response Team strategies,
- ⇒ Review Event Weekend scenarios,
- ⇒ Provide supervision to credit unions that have a change in status,
- ⇒ Monitor merging and liquidating credit unions to ensure timely completion,
- ⇒ Monitor and meet with, if necessary, any Information Systems Vendor in need of attention,
- ⇒ Continue to engage in Year 2000 events, such as Y2K Fairs, Credit Union Development Workshops, Vendor Events, and FFIEC Y2K activities.

Conclusion

Credit unions are well prepared for the Year 2000. NCUA looks forward to a smooth Event Weekend, and does not anticipate any major problems. Although we do not anticipate any major problems, staff is trained to identify, respond to, and communicate any Year 2000-related incident, and a framework is established to communicate and direct resources to any area in the country in need of assistance.

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